



# Department of Justice

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## **BAYER CORPORATION AGREES TO PLEAD GUILTY TO PARTICIPATING IN A CHEMICAL ADDITIVE CARTEL**

### ***Agrees to Pay \$33 Million Criminal Fine***

WASHINGTON, D.C. – Bayer Corporation, the Pittsburgh subsidiary of German firm Bayer AG, has agreed to plead guilty and to pay a \$33 million criminal fine for participating in a conspiracy to fix prices of a chemical used in a number of consumer products, including plastic grocery bags, shoe soles and automotive parts, the Department of Justice announced today. Today's charge is the first in an ongoing investigation of this product, polyester polyols.

Polyester polyols are also used in automotive coatings, filters, belts, seals and gaskets, adhesives, sound-proofing products, and textiles. The chemical involved in the Bayer case, aliphatic polyester polyols made from adipic acid, is added to other chemicals to improve tensile strength and resistance to abrasion.

According to the one-count felony charge filed in the U.S. District Court in San Francisco, Bayer Corporation conspired from 1998 to 2002 with an unnamed producer and unnamed individuals to suppress and eliminate competition in the United States for aliphatic polyester polyols made from adipic acid. Under the plea agreement, which must be approved by the court, Bayer Corporation has agreed to assist the government in its ongoing investigation.

"Today's charge represents a significant step in our continuing effort to eliminate illegal cartel activity," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division.

The Department charged that Bayer and unnamed co-conspirators carried out the conspiracy by:

- Participating in conversations and meetings to discuss, raise and maintain the prices of aliphatic polyester polyols made from adipic acid to be sold in the U.S. and elsewhere;
- Participating in conversations and attending meetings concerning implementation and adherence to the agreements reached;
- Issuing price announcements and price quotes in accordance with the agreements reached; and
- Exchanging information on the sale of aliphatic polyester polyols made from adipic acid in the U.S. and elsewhere.

Bayer Corporation was charged with violating Section 1 of the Sherman Act, which carries a maximum fine of \$10 million for corporations and a maximum penalty of three years imprisonment and a fine of \$350,000 for individuals for violations occurring before June 22, 2004. The maximum statutory fine may be increased to twice the gain the conspirators derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charge is the result of an ongoing investigation being conducted by the Antitrust Division's San Francisco Field Office and the Federal Bureau of Investigation in San Francisco.

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